



Trade World UTAH

May 2003

Calendar of Events

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May 11
12:00-1:30 p.m.

Topic:

Utah World Trade Association Luncheon

Hampton Inn
10690 Holiday Park Dr., Sandy, UT
Mr. John Harris, long-time U.S. Foreign Commercial Service officer & future Minister Counselor for Commercial Affairs to Brazil, will be speaking on the topic: "Conducting Business in Latin America: the affect of Free Trade Agreements on Trade." Cost: \$15 (includes catered lunch). Please RSVP by to utahworldtrade@msn.com or 801/422-8034.

April 29
10:00-11:30 am

Topic:

OPIC Small Business Center Seminar

Salt Lake Chamber of Commerce
175 East 400 South, Suite 600, Salt Lake City
Officials from the U.S. Overseas Private Investment Corporation (OPIC) will present OPIC's new program, aimed at small businesses, the Small Business Center. OPIC is committed to helping America's small businesses grow through investments in over 150 emerging markets around the world. OPIC recognizes that small businesses have unique requirements. Lack of resources to pursue opportunities abroad, concern over political risks, or the inability to find private sector support can prevent small businesses from expanding overseas. The SBC will help meet these needs by providing financing and political risk insurance to eligible small businesses.
Cost: Free of charge. Please register by phone: 801/524-5116 or e-mail: David.Fiscus@mail.doc.gov
For information on OPIC's Small Business Center, please go to <http://www.opic.gov> or call 1-800-CALLSBC (1-800-225-5722).

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Access Cultural Reference Material Online

Whether you are planning your next business trip, or conducting market research, CultureGrams offers concise, reliable, and up-to-date country reports on 177 cultures of the world to assist you in this effort. CultureGrams reports go beyond socio-economic facts and figures, offering an insider's perspective on daily life and culture, including the history, customs, and societies of the world's people. To tap this cultural reference resource, demo CultureGrams' online edition at <http://www.culturegrams.com> today! For additional information, please contact CultureGrams at 1-800-528-6269.



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UPDATE ON THE IRAQI RECONSTRUCTION EFFORT

The United States Agency for International Development (USAID), an independent federal government agency that provides foreign assistance and humanitarian aid in support of US foreign policy, is soliciting contractors/grantees to implement Iraq reconstruction programs.

Information about USAID planned assistance for Iraq is housed on the USAID website at <http://www.usaid.gov/iraq/>. Under normal circumstances, USAID would solicit under full and open competition procedures. But the Iraq situation is unique and creates urgent circumstances. Accordingly, USAID is using federal acquisition authorities and procedures to limit competition to companies/organizations that are known to have a combination of demonstrated technical capability, proven accounting mechanisms, ability to field a qualified technical team on short notice, and authority to handle classified national security material. For these contracts, USAID is soliciting offers from as many firms as practicable under the present circumstances. The descriptions of the solicitations issued can be found on the USAID Assistance for Iraq website and are listed for informational purposes only. The resulting contract awards will be announced on the Federal Business Opportunities (FBO) WebPages (www.FedBizOpps.gov).

It is likely that some of the prime contractors will be seeking capable subcontractors. If you are interested in becoming a subcontractor under an award, please monitor the FBO WebPages for award announcements and make direct contact with the company to which the contract was awarded to express your interest.

Companies, and individuals, that want to "register" to be able to do work in Iraq can go to www.usaid.gov/iraq <<http://www.usaid.gov/iraq>>. At that site, on the left-hand side, is "How Can I Help?" At that prompt, there is a hyperlink: "Submit Form to Provide Services". Clicking on that will take you to the web-based form that can be filled out and "submitted." It goes to a central point in the agency for proper sorting and distribution.

Companies and individuals can also sign up to listserve on the website to obtain the latest news on USAID assistance for Iraq by e-mail.

NOTE: Any U.S. company seeking to do business in Iraq, should remember that all U.N. and U.S. sanctions against doing business in/w Iraq are still in place. As such, U.S. companies may only do business in Iraq U.S. Government contracts.

It is also important for exporters to take care in screening the parties involved in servicing the sale of the product. For example, an otherwise legitimate trade transaction may be a violation of sanctions if one of the banks involved in the financing is on OFAC's SDN List. Since the SDN List contains the names of banks, companies, shipping lines, and freight forwarders throughout the



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EXPORT CONTROLS, COND'T

world, exporters need to evaluate all parties to a trade transaction, not just the buyer or the end user.

THE PRODUCT AND ITS END USE: DOES MY PRODUCT REQUIRE A LICENSE?

Sophisticated and high technology products; short supply items; technical information and products that have defense, strategic, weapons development, proliferation or law enforcement applications can be subject to export licenses. Major factors in determining whether an export license is required include the destination and end-use of the product or service. Some chemicals, for instance, that could possibly be used in weapons of mass destruction are subject to export controls. For example, "precursor chemicals" are prohibited to Syria. However, some exports may be subject to controls regardless of the function or the country to which they are shipped.

It is up to the exporter to determine whether the product requires a license and to research the end use of the product, in other words, to perform "due diligence" regarding the transaction. Exporters should learn which federal department or agency has jurisdiction over the item they are planning to export in order to find out if a license is required.

- The Commerce Department focuses primarily on dual-use items, i.e., items that can be used for both military/strategic purposes and commercial applications. Exporters should consult the Commerce Department's BIS and find out if the items or services they are planning to export are classified on the Commerce Control List (CCL). If a product appears on this list, it may require a license. In general, this list contains items controlled by the Export Administration Regulations (EAR) because they are considered to be "dual use" items.

- The State Department's Office of Defense Trade Controls (DTC) licenses defense services and defense munitions articles.

- The Department of Energy licenses nuclear technology and technical data for nuclear power and special nuclear materials. It licenses the export of electric power to Mexico and Canada. It also licenses the export of natural gas.

An exporter should request a "commodity jurisdiction" (CJ) determination to resolve any uncertainty regarding the export licensing jurisdiction of an item or service. A CJ is used to determine whether an item or service is subject to the export licensing authority of BIS or DTC. Contact BIS at (202) 482-4811 for more details. Another option is to contact the Office of Defense Trade Controls at (703) 875-6644 or via fax at (703) 875-6647 (Attn: PM/DTC/CJ).

WITH ALL THESE LISTS AND AGENCIES, WHERE SHOULD AN EXPORTER START TO ENSURE COMPLIANCE WITH THE VARIOUS EXPORT REGULATIONS?

The country to which a product is to be exported should be considered first. Potential transactions should be checked for compliance with the sanctions administered by the Treasury and Commerce Departments. If a transaction is subject to country-specific sanctions, it may be eligible for a license, depending on the goods involved. Call OFAC at 202-622-2490 with any questions regarding country-specific sanctions and where to apply for a license.

The next step should be to obtain information about a customer and how that customer will use a product. Information about the customer's location, including complete street address (P.O. boxes are not enough) and phone number, the nature of its business, ownership and control, and information with regard to the final destination and use of the product is necessary for determining if the export is in compliance with U.S. law. Always check all parties against the Prohibited Parties Lists, including Treasury, Commerce, and State. Don't forget freight forwarders, banks, shipping lines and insurers.

To determine whether a license is needed to export a particular product or service, an exporter must classify the item by identifying what is called an Export Control Classification Number (ECCN) for the item. View BIS's website at <http://www.bis.doc.gov> to get help with the ECCN and consult the TIC's "Ask the TIC" column online. Products under ECCN# EAR 99, a broad category, normally do not require a license when shipped to most destinations. For information on other categories, the exporter should contact BIS directly at (202) 482-4811 or (949) 660-0144. When in doubt about agency jurisdiction, the exporter can also contact BIS, as BIS will route the application to other agencies for a determination.

WHAT ARE THE PENALTIES FOR NOT COMPLYING WITH EXPORT CONTROL LAWS?

Millions of dollars in civil penalties are imposed each year by the federal government for violations of export control laws. BIS's website contains real-world examples of civil penalties that have been imposed in the past. Civil penalties assessed by OFAC are \$11,000 per prohibited transaction in most cases, but can reach \$275,000 per infraction under the sanctions against Iraq and \$1,000,000 if they involve narcotics "kingpins". In cases where there is criminal intent to violate export control laws, criminal penalties can be imposed, resulting in significant corporate or personal fines as well as imprisonment.

Upcoming Events

WE NEED YOUR E-MAIL ADDRESS!

The Salt Lake City Export Assistance Center is putting the finishing touches on its new website, which it will use to disseminate information on upcoming trade events (including trade shows, seminars, and workshops) and industry-specific trade leads on an ad hoc basis.

However, to make this website an effective vehicle of communication and outreach, we need your e-mail address. If you have not received an e-mail from our office recently, we probably do not have your address in our database. That being said, if you would like to receive the aforementioned information, updates, etc., please send your current e-mail address to Dave Fiscus at David.Fiscus@mail.doc.gov along with your name and your company's name.

Thank YOU!

U.S. Department of Commerce
Salt Lake Export Assistance Center
324 S. State Street, Suite 221
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Penalty for Private Use, \$300

WASHINGTON, DC CONFERENCE: "ADAPTING TO A NEW GLOBAL TRADE ENVIRONMENT"

The conference, "Adapting to a New Global Trade Environment" from May 12-13 in Reston, Virginia will bring together the American business community and Commerce Department officers from U.S. embassies around the world for two days of briefings, seminars and meetings on international business opportunities and prospects. Invited guests include: Donald L. Evans, U.S. Secretary of Commerce; Ambassador Robert Zoellick, U.S. Trade Representative; Congressman Frank R. Wolf, Virginia, 10th District; & the Honorable Maria Cino, Assistant Secretary & Director General, U.S. Commercial Service; as well as Commerce Department Senior Commercial officers from 85 countries.

Sign-up today to participate in this unique opportunity! Call (202) 775-3483 or visit our website at www.usatrade.gov for more information including hotels, list of participating Senior Commercial Officers and up-to-date Agenda information.

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